FISCAL NOTE

Bill #:	HB0762	**Title:**	Issue general obligation bonds; appropriate proceeds for POINTS replacement
Primary Sponsor:	Brueggeman, J	**Status:**	As Introduced

Sponsor signature Date

Chuck Swysgood, Budget Director Date

Fiscal Summary

	FY 2004 Difference	FY 2005 Difference
Expenditures:		
General Fund	$161,150	$400,550
Revenue:		
General Fund	$0	$0
Net Impact on General Fund Balance:	($161,150)	($400,550)

- ☐ Significant Local Gov. Impact
- ☐ Included in the Executive Budget
- ☐ Dedicated Revenue Form Attached
- ☐ Technical Concerns
- ☒ Significant Long-Term Impacts
- ☐ Needs to be included in HB 2

Fiscal Analysis

ASSUMPTIONS:

1. General obligation bonds of up to $17.1 million will be issued to purchase a software system to replace the current POINTS system for tax processing functions within the Department of Revenue and Unemployment Insurance functions within the Department of Labor and Industry.
2. The G.O. bonds will be issued as follows: $8.55 million will be sold in August 2003 with $400,000 of this amount identified as equipment to be repaid over four years and $8.15 million for the purchase of software and software implementation to be repaid over seven years.
3. The remaining authorized bonds of $8.55 million will be sold in August 2004. The entire amount of this bond will be for software and software implementation to be repaid over seven years.
4. The interest on the bond issue sold in August 2003 is assumed to be 2.6 percent. The transfer from the general fund to the debt service account for the first payment in February 2004 is projected at $111,150. The interest on the bond issue to be sold in August 2004 is assumed to be 3 percent.
5. The first principal payment that would be due August 1, 2004, will be deferred to August 1, 2005. The remaining principal payments will be paid August 1 of each year until the bonds are paid in full.
6. The debt service will be paid entirely by the general fund through a statutory appropriation.
7. Bond issuance costs are estimated at a total cost of $100,000 per issuance, are recorded as operating expenses, and also are statutorily appropriated. The total amount will be prorated among this project,

other long-range building projects, DNRC projects and the state TRANS. Therefore, the issuance cost for this project is projected at approximately $50,000.

8. The Department of Administration will administer the bond proceeds through the Long-Range Building Program.

FISCAL IMPACT:

Department of Administration – Statutory Appropriation	FY 2004 Difference	FY 2005 Difference
Expenditures:		
Operating Expenses	$50,000	$50,000
Transfers	111,150	350,550
TOTAL	$161,150	$400,550
Funding of Expenditures:		
General Fund (01)	$161,150	$400,550
Net Impact to Fund Balance (Revenue minus Funding of Expenditures):		
General Fund (01)	($161,150)	($400,550)

LONG-RANGE IMPACTS:

The debt service schedule shown below reflects payments through August 1, 2011.

Feb-04		111,150	111,150	
Aug-04		111,150	111,150	
Feb-05		239,400	239,400	**$461,700 2005 Biennium**
Aug-05	2,520,000	239,400	2,759,400	
Feb-06		204,410	204,410	
Aug-06	2,590,000	204,410	2,794,410	
Feb-07		168,440	168,440	**$5,926,660 2007 Biennium**
Aug-07	2,660,000	168,440	2,828,440	
Feb-08		131,490	131,490	
Aug-08	2,595,000	131,490	2,726,490	
Feb-09		95,315	95,315	**$5,781,735 2009 Biennium**
Aug-09	2,665,000	95,315	2,760,315	
Feb-10		58,160	58,160	
Aug-10	2,740,000	58,160	2,798,160	
Feb-11		19,950	19,950	**$5,636,585 2011 Biennium**
Aug-11	1,330,000	19,950	1,349,950	**$1,349,950 2013 Biennium**
Total Principal/Interest			**19,156,630**	